

## Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-01 TRSE-00 FRB-03 /081 W

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R 051934Z MAR 75

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC 6483

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E. O. 11652: N/A

TAGS: EFIN BF VE ENRG ECIN

SUBJ: VENEZUELAN OIL SCHEME

REF: (A) STATE 35499; (B) NASSAU A-1

1. EMBASSY HAS MADE INQUIRIES OF MINEXTAFFS AND MINFIN CONCERNING VENEZUELAN FUEL PAYMENT SCHEME. NEITHER ARE AWARE OF ANY VENEZUELAN OFFER TO THE BAHAMAS NOR OF THE VENEZUELAN PROPOSAL IN GENERAL.

2. TOTAL BAHAMIAN IMPORTS FOR 1974 WERE \$1.9 BILLION AND EXPORTS WERE \$1.4 BILLION. THE BAHAMAS IMPORTED 14.4 MILLION LONG TONS (VALUE \$1.5 BILLION) OF CRUDE OIL IN 1974. IMPORTED VENEZUELAN CRUDE ACCOUNTS FOR ONLY TWO PERCENT (343,039 LONG TONS; \$33.6 MILLION) OF THAT AMOUNT. (FOR MORE DETAILED INFORMATION ON OIL IMPORTS AND EXPORTS SEE REF B.)

3. ALTHOUGH GCOB DOES NOT KEEP DOMESTIC OIL CONSUMPTION FIGURES, BORCO ESTIMATES THAT THE BAHAMAS CONSUMES 4.9 MILLION BARRELS PER YEAR - TWO PERCENT OF BORCO'S REFINING CAPACITY OF 500,000 BARRELS PER DAY AND LESS THAN 0.5 PERCENT OF IMPORTED CRUDE.

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4. ALTHOUGH THE BAHAMAS' BALANCE OF TRADE IS NEGATIVE THEIR SURPLUS EXTERNAL RESERVES REMAIN POSITIVE (\$51.1 MILLION) AND INDEED SHOWED A NET INCREASE IN 1974 OF \$7.9 MILLION (PERCENTAGE CHANGE OF PLUS 18.3) OVER 1973. THE BAHAMAS HAS NOT BEEN ADVERSELY AFFECTED BY THE OIL PRICES, IN FACT THE EFFECT HAS NOT BEEN AS HEAVY AS EXPECTED. THE INCREASE COST WAS PASSED TO THE CONSUMER AND THE LARGEST CONSUMER OF OIL IS THE TOURIST WHO PROVIDES A LARGE SHARE OF FOREIGN EXCHANGE (APPROXIMATELY 60 PERCENT OF EXPORTS AND TRANSFERS EXCLUDING OIL AND BANKING). THE REMAINING AMOUNT OF OIL CONSUMED BY BAHAMIANS HAS BEEN WELL FINANCED BY THE TOURIST. SINCE THE BAHAMAS DOES NOT HAVE A BALANCE OF PAYMENT PROBLEM AND FORESEES NO DIFFICULTY IN OBTAINING, WHEN NEEDED, DEVELOPMENT FUNDS FROM THE REGULAR INTERNATIONAL DEVELOPMENT LENDING INSTITUTIONS, IT IS UNLIKELY THAT THEY WOULD BE INTERESTED IN THE VENEZUELAN SCHEME IF IT WERE TO BE OFFERED TO THEM.

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## Message Attributes

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**Channel Indicators:** n/a  
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